GOVERNMENT OF INDIA
INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:3746
ANSWERED ON:13.12.2000
REQUEST FOR WITHDRAWAL OF BANK GUARANTEE BY KGAA HAMBURG
NAWAL KISHORE RAI;RAMJI LAL SUMAN

Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

(a) whether the German firm Eurokai KGAA Hamburg had requested for withdrawalof bank guarantee in the month of September, 2000 resulting in trade losses besides economic losses to CMC Ltd;

(b) if so, the reasons therefor and present status thereof;

(c) whether the Government have identified the persons responsible for the said losses; and

(d) if so, the details thereof and the action initiated against them and corrective measures adopted in this regard?

Answer

MINISTER OF PARLIAMENTARY AFFAIRS AND INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN)

(a),(b),(c) & (d): CMC Ltd.had signed a contract with M/s BLG and M/s Eurokai, Germany forDM 1.30 million and DM 1.875 million respectively for providing the software solution based on their MACH and, as partof the contract term, had provided Performance Bank Guarantees forDM 793,750. The customer (BLG/Eurokai)has unilaterally terminated the contract and encashed the aforesaid Bank Guarantees. The reason cited by the customer for this is delay in implementing the project. The Companyhas strongly refuted the unilateral action of the customer which is in violation of the contractual terms and conditions. Further negotiations are underway. The question of assessing the loss and fixation of responsibility in this situation does not arise.